

Kentucky Agricultural Development Board

Minutes of the November 21, 2008 Board Meeting

The Kentucky Agricultural Development Board meeting was held on Friday **November 21, 2008** at **9:00 a.m.** at the Hilton Garden Inn, Southern Magnolia Ballroom A & B in Bowling Green, KY. Governor Steve Beshear, presiding, called the meeting to order, and the Secretary called the roll.

Roll Call

Governor Steve Beshear; Commissioner Richie Farmer; Rodney Dick; Secretary Larry Hayes (Don Goodin, designee); Pat Henderson; Wayne Hunt; Sam Lawson; Jim Mahan; Wayne Mattingly; Sam Moore; Jim Sidebottom; Troy Rankin; Dr. Mary Sias; Dean Scott Smith

Members with Excused Absences

Vickie Yates Brown

Others Present

Staff - Roger Thomas, Angela Blank, Jennifer Daniels, Diane Fleming, Cyndi Hall, Todd Harp, Jennifer Hudnall, Tim Hughes, Michael Judge, Christi Marksburg, Bill McCloskey, Joel Neaveill, Kylee Smith, Mike Tobin

Guests –

Warren Beeler, Bill Clary, Bruce Harper, Steve Kelly, John Roberts, Mac Stone, Stephen Yates (KDA); Dr. Will Snell, and Dr. Larry Jones, University of Kentucky (UK); Larry Jagers and Tom Midkiff (KAFC); Larry Snell, Kentucky Center for Rural Development; Christina Gordley, Office of State Budget Director; Emilie Fojan; Dr. Kimberly Holmes, Kentucky State University; Linda Dickerson, Dickerson Farms; Billy Ray Smith, Kentucky FFA Foundation; Chad Aull, Office of the Governor; Robyn L. Minor, The Daily News;

Notification of Media

Governor Beshear received verification that the media had received notice regarding the Kentucky Agricultural Development Board (KADB) monthly meeting.

Approval of Minutes

Dean Smith moved to approve the minutes of the October 17, 2008 meeting as presented. Wayne Hunt seconded the motion. The motion passed without dissent.

Welcome

Governor Beshear welcomed everyone to the KADB meeting. Governor Beshear thanked the members of the KADB for their hard work. He told the members of the Board that he is proud of the work that they do.

Governor Beshear commended the Kentucky Agriculture Relief Effort (K.A.R.E.) Program that was rolled out earlier this year. It has provided relief for the farming community. The KADB also supported funding of the University of Kentucky diagnostic lab, which will be a great benefit to agriculture.

On November 20, 2008 Governor Beshear held a press conference concerning the release of the comprehensive energy plan, *Intelligent Energy Choices for Kentucky's Future*. With this initiative the Commonwealth has the potential to create more jobs and help the farming community become a vital part of solving the nation's energy problems. Governor Beshear stated that he hoped the KADB would encourage research and development that will help rural communities participate in energy initiatives. It is an important priority for the Commonwealth and it will create many jobs for Kentuckians, strengthening the economy. Governor Beshear thanked the members of the KADB for what they have done and what they will do in the future.

No action was taken on the Governor's report.

New Business

Mr. Thomas thanked Commissioner Farmer for his work at in reaching an agreement on the Kentucky Department of Agriculture's (KDA's) request to the KADB. KDA and GOAP staff worked more than five hours to come to this agreement. Mr. Thomas said that the Kentucky Proud Program has made a great impact on Kentucky's agriculture.

Recommendations for Funding

Jennifer Hudnall presented A2008-0409, Kentucky Department of Agriculture. The Kentucky Department of Agriculture requests \$6,155,000 in State funds to continue the promotion of the Kentucky Proud program and related activities designed to instill in Kentucky consumers' minds the value of "buy local" when shopping for food and fiber products. Ms. Hudnall reviewed the proposed terms and conditions for the project. Staff recommends funding this request in the amount of \$3,300,000 in State funds as a grant pending meeting all state program guidelines and compliance standards. Commissioner Farmer abstained from the vote. **Dean Smith moved that A2008-0409 be approved for \$3,300,000 in State funds as a grant; Dr. Sias seconded the motion. The motion passed without dissent.**

Todd Harp presented A2008-0407, University of Kentucky. The University of Kentucky requests \$1,000,000 in State funds to establish an endowment for the Kentucky Agricultural Leadership Program (KALP). Mr. Harp reviewed the proposed terms and conditions for the project. Staff recommends approving this project pending meeting all state program guidelines and compliance standards. Dean Smith abstained from the vote. **Sam Lawson moved that A2008-0407 be approved for \$1,000,000 in State funds, \$850,000 as a revocable grant and \$150,000 as a grant; Jim Mahan seconded the motion. By a show of hands the motion passed 8-3.** It was requested that the KADB provide suggestions for measurable goals on this project.

Mac Stone replaced Commissioner Farmer.

Jennifer Hudnall presented A2008-0440, Kentucky Agriculture Finance Corporation. The Kentucky Agriculture Finance Corporation requests \$5,000,000 in State funds for the continuation of loan programs that compliment the existing lending opportunities available through the Farm Service Agency, commercial banks, and lenders within the Farm Credit System. Ms. Hudnall reviewed the proposed terms and conditions for the project. Staff recommends approving this project for \$4,000,000 in State funds to continue existing KAFC loan programs and \$1,000,000 in State funds for the new Large Animal Veterinary Program pending meeting all state program guidelines and compliance standards. **Pat Henderson moved that A2008-0440 be approved for \$4,000,000 in State funds to continue the existing KAFC loan programs and \$1,000,000 in State funds for the new Large Animal Veterinary Program contingent upon a committee, consisting of two (2) KADB Board Members and two (2) KAFC Board Members appointed by the Executive Director, and Wayne Hunt who serves on both Boards, meeting to establish the details to be incorporated in the new Memorandum Of Agreement which will be presented to the KADB at the December Board meeting; Don Goodin seconded the motion. The motion passed without dissent.**

Governor Beshear relinquished the Chair for the remainder of the meeting to Mr. Stone.

Referral of December Projects¹

Mr. Stone presented projects A2008-0445 to A2008-0465 for referral to the Board's December 19, 2008 meeting for review. **Rodney Dick moved that projects A2008-0445 to A2008-0465 be referred for December 19, 2008 review; Troy Rankin seconded the motion. The motion passed without dissent.**

Approval of Model Programs²

Mr. Stone submitted projects requesting funds for county model programs meeting state program guidelines and compliance standards. **Dr. Sias moved the said applications be approved for the named model programs; Jim Sidebottom seconded the motion. The motion passed without dissent.**

Approval of Menu Projects³

Mr. Stone submitted projects requesting funds for county menu projects meeting state program guidelines and compliance standards. **Mr. Dick moved the said applications be approved for the named model programs; Mr. Goodin seconded the motion. The motion passed without dissent.**

¹ A detailed list of the referred projects is attached as Appendix A.

² A detailed list of projects funded under each model program category is attached as Appendix B.

³ A detailed list of projects funded under each menu project category is attached as Appendix C.

Requested Amendments⁴

Mr. Stone presented two (2) requested amendments for approval. **Mr. Hunt moved that said amendments be approved; Sam Moore seconded the motion. The motion passed without dissent.**

Memo Action Items

Kylee Smith presented a Memorandum on KCTCS. KCTCS is requesting to redistribute \$59,751.50 of remaining funds into the current project, A2007-0420 with an extended completion date of April 1, 2009. **Mr. Henderson moved that said amendments be approved; Mr. Mahan seconded the motion. The motion passed without dissent.**

Jennifer Hudnall presented a Memorandum on Agritourism Interagency (A2003-0350). The KDA is requesting to extend their deadline until June 30, 2009 in order to expend the remaining funds. The funds will be used for the Division Director's salary and related expenses. **Mr. Dick moved that said amendments be approved; Dr. Sias seconded the motion. The motion passed without dissent.**

Todd Harp presented a Memorandum on Kentucky Dairy Development Council (KDDC) (A2006-0205). The KDDC is requesting a 6 month extension. **Mr. Mahan moved that said amendments be approved; Mr. Rankin seconded the motion. The motion passed without dissent.**

Executive Director's Report

Mr. Stone called on Roger Thomas to give the Executive Director's Report.

Mr. Thomas introduced the new Project Analyst, Mike Tobin. Mike worked previously with KDA.

Mr. Thomas reported on the November 5, 2008 Tobacco Settlement Agreement Fund Oversight Committee Meeting. The next Oversight Committee meeting will be December 3, 2008. The UK evaluation will be presented to the Oversight Committee at that meeting. GOAP has been requested to come before the Rural Issues Subcommittee of the Interim Joint Committee on Agriculture and Natural Resources on December 10, 2008, to discuss legislative proposals.

Mr. Thomas reported that U.S. Secretary of Agriculture, Ed Schafer declared farmers in all 120 counties in Kentucky eligible for emergency loans due to drought and high winds that occurred in Kentucky in 2008.

Mr. Thomas reported on the Hay Transportation Exemption issued by Governor Beshear. The exemption was requested by Kentucky Farm Bureau.

Mr. Thomas announced Governor Beshear held a press conference at Western Kentucky University on October 28, 2008 announcing the Re-Borne research project.

⁴ A detailed list of requested amendments approved is attached as Appendix D.

Mr. Thomas and Angela Blank attended the Woman's Field Day on October 21, 2008, an event sponsored by Hartland Equipment. Roger Thomas, Angela Blank, Diane Fleming, Christi Marksburg, and Sandra Gardner attended and participated in the Woman in Ag Conference on October 29, 30 and 31, 2008.

Mr. Thomas called on Angela Blank to give details concerning the January 15, 2009 Annual Meeting that will be held in Lexington, KY. KADB members will be asked to be part of a panel discussion. Information can be found on the GOAP website.

Mr. Thomas reported on the Farm-City Week Proclamation for the week of November 24 to 27, 2008 that he presented on behalf of Governor Beshear at the Farm City luncheon on November 14, 2008.

On November 14, 2008 The Kentucky Agriculture Council met at the Kentucky Exposition Center in Louisville. Roger Thomas, Angela Blank, Tim Hughes, Michael Judge, and Christi Marksburg attended.

Mr. Thomas reported on the County Council membership update. Currently 117 of 120 Councils have updated their memberships. The counties that have not reported are Greenup, Leslie, and Letcher. The funds for these counties will not be released until we have an update from them.

Mr. Thomas reported on the K.A.R.E Program. To date \$11,145,129.00 has been disbursed.

Mr. Thomas appointed an advisory committee for the KDDC application: Wayne Hunt, Jim Mahan, and Sam Lawson.

Mr. Thomas called on Diane Fleming to report on the Legal Update Memorandum. Ms. Fleming will be making a visit to Cumberland Farm Products in December. She noted that the bank withdrew their motion to default Cumberland Farm on the Russell Springs property.

Mr. Thomas made note of two Memorandums, one from Christi Marksburg concerning application A2007-0119 Kentucky Minority Farmers which has expired, and one from Cyndi Hall concerning corrections to the amendments in the October 17, 2008 Board Book. No Board action was necessary.

Mr. Thomas called on Joel Neaveill to present a policy review and recommendations. Mr. Neaveill noted that policy changes made during the planning session on Thursday, November 20, 2008 will be incorporated into a new document. The recommendations will come before the KADB at the December 19, 2008 meeting.

Mr. Neaveill called on Tim Hughes to discuss two conceptual energy initiatives that could help achieve some of Governor Beshear's priorities as outlined in his *Intelligent Energy Choices for Kentucky's Future* comprehensive energy plan. In order for the Agriculture

Development Fund (KADF) to continue to provide the capital for energy investments like the ones funded in the past, the plan states that “the KADB must receive its full share of the Master Settlement Agreement funds.” Additional funding in the areas of on-farm energy efficiency and commercial production of commodity-based renewable fuels could help Kentucky leverage significant federal dollars and assist the Commonwealth in improving its energy independence. Mr. Hughes provided a document that referenced the GOAP’s role in the Governor’s plan, a summary of agri-energy references within the recent strategic plan for agriculture, a synopsis of the energy provisions within the 2008 Farm Bill, and two potential funding proposals for the KADB to contemplate (on file with the Board Secretary). Mr. Thomas encouraged the KADB members to continue their significant role in fostering these types of investments and asked for them to provide feedback to GOAP staff concerning these and other energy related efforts.

Mr. Hunt stated that there are federal funds available and we are missing an opportunity to capture these dollars.

Mr. Goodin noted that HB1 established funding opportunities through the Cabinet for Economic Development which could also assist with these agri-energy initiatives.

Mr. Thomas explained Angela Blank and Bill Clary would be working together to create a communication initiative focusing on the impacts the KADF has had on certain regions across the state. Future proposals focusing on education/communication efforts will also be explored by GOAP.

Mr. Thomas reported that \$1 Million of the \$3 Million remaining KAFC capital project allocation has been transferred to the KAFC loan account for new loans.

No action was taken on the Executive Director's report.

Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 a.m. on Friday, December 19, 2008 at the Franklin County Cooperative Extension Office, in Frankfort, KY. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

The meeting adjourned at 12:15 p.m.

APPROVED: _____

PRESIDING OFFICER: _____

SECRETARY: _____

New Applications for Referral

App #	Applicant	Request Type
A2008-0445	Rowan County Fiscal Court	Agricultural Diversification
A2008-0446	Rowan County Fiscal Court	Farm Livestock Fencing Improvement
A2008-0447	Anderson's Victory Haven Training Center, LLC	Project
A2008-0448	Fayette County Conservation District	Forage Improvement & Utilization
A2008-0449	Fayette County Conservation District	Agricultural Diversification
A2008-0450	Fayette County Conservation District	On-farm Water Enhancement
A2008-0451	The Boyle County Foundation	Project
A2008-0452	Whitley County Farm Bureau, Inc. Of Whitley County, Kentucky	On-farm Water Enhancement
A2008-0453	Whitley County Farm Bureau, Inc. Of Whitley County, Kentucky	Hay, Straw, & Commodity Storage
A2008-0454	The Grant County Agricultural Diversification Council, Incorporated	Goat & Sheep Diversification
A2008-0455	The Grant County Agricultural Diversification Council, Incorporated	Agricultural Diversification
A2008-0456	The Grant County Agricultural Diversification Council, Incorporated	Cattle Handling Facilities
A2008-0457	Grant County Cattlemens Association, Inc.	Forage Improvement & Utilization
A2008-0458	Grant County Cattlemens Association, Inc.	Hay, Straw, & Commodity Storage
A2008-0459	Grant County Cattlemens Association, Inc.	Cattle Genetics Improvement
A2008-0460	Grant County Cattlemens Association, Inc.	Farm Livestock Fencing Improvement
A2008-0461	Kentucky Cattlemen's Foundation, Inc.	Project
A2008-0462	Greenup County Farm Bureau of Greenup County, Kentucky	Hay, Straw, & Commodity Storage
A2008-0463	Powell County Livestock Producers Association, Inc.	Project
A2008-0464	Nicholas County Fiscal Court	Project
A2008-0465	Wolfe County Conservation District	Project

Model Programs Recommended for Approval

Agricultural Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0445	Rowan County Fiscal Court	Rowan	\$6,000.00
A2008-0449	Fayette County Conservation District	Fayette	\$40,000.00
A2008-0455	The Grant County Agricultural Diversification Council, Incorporated	Grant	\$15,750.00
			\$61,750.00

Cattle Genetics Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0459	Grant County Cattlemens Association, Inc.	Grant	\$15,750.00
			\$15,750.00

Cattle Handling Facilities

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0456	The Grant County Agricultural Diversification Council, Incorporated	Grant	\$15,750.00
			\$15,750.00

Farm Livestock Fencing Improvement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0446	Rowan County Fiscal Court	Rowan	\$10,000.00
A2008-0460	Grant County Cattlemens Association, Inc.	Grant	\$52,500.00
			\$62,500.00

Forage Improvement & Utilization

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0448	Fayette County Conservation District	Fayette	\$45,000.00
A2008-0457	Grant County Cattlemens Association, Inc.	Grant	\$15,750.00
			\$60,750.00

Goat & Sheep Diversification

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0454	The Grant County Agricultural Diversification Council, Incorporated	Grant	\$15,750.00
			\$15,750.00

Model Programs Recommended for Approval

Hay, Straw, & Commodity Storage

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0453	Whitley County Farm Bureau, Inc. Of Whitley County, Kentucky	Whitley	\$35,000.00
A2008-0458	Grant County Cattlemens Association, Inc.	Grant	\$52,500.00
A2008-0462	Greenup County Farm Bureau of Greenup County, Kentucky	Greenup	\$52,500.00
			\$140,000.00

On-farm Water Enhancement

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0450	Fayette County Conservation District	Fayette	\$70,000.00
A2008-0452	Whitley County Farm Bureau, Inc. Of Whitley County, Kentucky	Whitley	\$14,700.00
			\$84,700.00

Total County Funds Recommended for Approval in Model Programs: **\$456,950.00**

Menu Projects Recommended for Approval

Project			
<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2008-0463	Powell County Livestock Producers Association, Inc.	Powell	\$50,000.00
A2008-0464	Nicholas County Fiscal Court	Nicholas	\$380,200.00
A2008-0465	Wolfe County Conservation District	Wolfe	\$117,000.00
			<hr/> \$547,200.00

Total County Funds Recommended for Approval in Menu Projects: **\$547,200.00**